Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

teckwah group® TECKWAH INDUSTRIAL CORPORATION LTD

First Quarter Ended 31 March 2014
Financial Statement and Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Income statement	Group		
		S$'000		%
		3 months ended 31 Mar		incr/
		2014	2013 (Restated)	(decr)
a	Revenue	37,578	39,780	(5.5)
b	Investment Income	-	-	-
c	Other income including interest income :-	221	39	466.7
	(i) Gain (loss) on sale of available-for-sale investments, properties and/or plant & equipment included in other income	2	(3)	n.m
	(ii) Interest Income	46	36	27.8
	(iii) Other Income	173	6	2,783.3
d	Changes in inventories of FG & WIP	212	(266)	(179.7)
	(i) (Allowance) write back for inventories	(6)	-	n.m
e	Raw Materials and consumables used	(11,588)	(12,239)	(5.3)
	(i) Write back (allowance) for inventories	-	(262)	n.m
f	Staff Costs	(9,244)	(9,730)	(5.0)
g	Depreciation, amortisation and impairment expenses	(1,316)	(1,256)	4.8
h	Interest on borrowings	(77)	(43)	79.1
i	Other operating expenses :-	(12,985)	(12,704)	2.2
	(i) foreign exchange gain /(loss)	72	255	n.m
	(ii) (Allowance) write back for doubtful debts	(15)	(36)	n.m
	(iii) Bad debts (written off) written back	-	-	n.m
j	Exceptional items	-	-	-
k	Operating profit before income tax, non-controlling interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange loss and exceptional items	2,801	3,581	(21.8)

Income statement (continued)

		Group		
		S$'000		%
		3 months ended 31 Mar		incr/
		2014	2013 (Restated)	(decr)
l	Loss from associated companies	-	-	-
m	Profit from joint venture	73	127	-
n	Operating profit before income tax	2,874	3,708	(22.5)
o	Less income tax	(742)	(623)	19.1
	(i) Adjustment for (over) under provision of tax in respect of prior periods.	(48)	(406)	(88.2)
p	Profit for the Period	2,132	3,085	(30.9)
	Attributable to :-			
q	Owners of the Company	2,014	3,028	(33.5)
r	Non-controlling Interests	118	57	n.m

Statement of Comprehensive Income

	Group		
	S$'000		%
	3 months ended 31 Mar		incr/
	2014	2013 (Restated)	(decr)
Profit for the Period	2,132	3,085	(30.9)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(902)	249	n.m
Other comprehensive income for the period	(902)	249	462.2
Total comprehensive income for the period	1,230	3,334	(63.1)
The comprehensive income attributable to :-			
Owners of the Company	1,129	3,286	(65.6)
Non-controlling Interests	101	48	n.m

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position	Group			Company	
	Actual	Restated	Restated	Actual	Previous
	31-Mar-14	31-Dec-13	1-Jan-13	31-Mar-14	31-Dec-13
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Current assets:					
Cash and cash equivalents	26,181	29,529	38,473	1,578	1,646
Trade and other receivables	43,638	48,046	37,851	17,916	17,129
Inventories	12,584	12,432	16,620	-	-
Total current assets	82,403	90,007	92,944	19,494	18,775
Non-current assets:					
Other assets	245	179	244	-	-
Joint venture	5,397	6,281	5,829	4,216	4,216
Subsidiaries	-	-	-	19,829	19,829
Property, plant and equipment	75,105	62,405	31,325	42,481	32,145
Investment property	2,364	2,366	-	-	-
Land use rights	7,764	7,846	8,103	7,284	7,351
Intangible assets	80	83	93	80	83
Goodwill	6,691	6,691	6,691	-	-
Deferred tax assets	189	188	417	-	-
Total non-current assets	97,835	86,039	52,702	73,890	63,624
Total assets	180,238	176,046	145,646	93,384	82,399
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables	27,784	35,824	25,961	18,783	17,429
Income tax payable	2,271	2,286	3,251	59	59
Bank loans	4,802	3,536	1,026	3,750	2,500
Finance leases	1,147	560	-	-	-
Total current liabilities	36,004	42,206	30,238	22,592	19,988
Non-current liabilities:					
Bank loans	13,985	7,002	1,602	13,750	6,500
Finance leases	3,725	1,542	-	-	-
Post Employment Benefits	118	119	121	-	-
Deferred tax liabilities	1,003	1,004	1,338	68	68
Total non-current liabilities	18,831	9,667	3,061	13,818	6,568
Capital, reserves and non-controlling interests:					
Share capital	23,852	23,852	23,852	23,852	23,852
Statutory surplus reserve	1,473	1,473	939	-	-
Currency translation reserve	48	933	(715)	-	-
Retained earnings	98,824	96,810	87,549	33,122	31,991
Equity attributable to owners of the company	124,197	123,068	111,625	56,974	55,843
Non-controlling interests	1,206	1,105	722	-	-
Total equity	125,403	124,173	112,347	56,974	55,843
Total liabilities and equity	180,238	176,046	145,646	93,384	82,399

1(b)(ii) Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 31/3/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
1,147	4,802	560	3,536

(b) Amount repayable after one year

As at 31/3/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
3,725	13,985	1,542	7,002

Details of any collateral

The finance lease liabilities are secured by the assets under finance leases.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of cash flows

	Group	
	3 months ended 31 Mar	
	2014	2013 (Restated)
	S$'000	S$'000
Cash flow from operating activities:		
Profit before tax	2,874	3,708
Adjustments for :		
Allowance for doubtful debts	15	36
Write-down of inventories	6	262
Depreciation and amortisation expense	1,316	1,256
(Gain) Loss on disposal of property, plant and equipment	(2)	3
Post employment benefits	(1)	2
Share of profit from joint venture	(73)	(127)
Interest income	(46)	(36)
Finance costs	77	43
Operating cash flows before movements in working capital	**4,166**	**5,147**
Trade and other receivables and other assets	4,327	(2,374)
Inventories	(158)	881
Trade and other payables	(8,040)	(4,128)
Cash generated from (used in) operations	**295**	**(474)**
Interest paid	(77)	(43)
Income tax paid	(759)	(1,644)
Net cash used in operating activities	**(541)**	**(2,161)**
Cash flow from investing activities:		
Interest received	46	36
Dividends received from joint venture	956	-
Proceeds from disposal of property, plant & equipment	2	8
Purchase of property, plant & equipment	(11,134)	(4,126)
Net cash used in investing activities	**(10,130)**	**(4,082)**
Cash flows from financing activities:		
Repayment of bank loans	(254)	(252)
Proceeds from bank loans	8,500	-
Repayment of obligations under finance leases	(332)	-
Net cash from (used in) financing activities	**7,914**	**(252)**
Net decrease in cash and cash equivalents	(2,757)	(6,495)
Cash and cash equivalents at beginning of period	29,529	38,473
Effect of foreign exchange rate changes	(591)	76
Cash and cash equivalents at end of period	26,181	32,054

1(d)(i) A statement of changes in equity (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity

GROUP

	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Fair value reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Jan 2013 (As previously stated)	**23,852**	**939**	**88,501**	**(1,667)**	**-**	**111,625**	**722**	**112,347**
Effects of adopting FRS 111 and FRS 28	**-**	**-**	**(952)**	**952**	**-**	**-**	**-**	**-**
Balance at 1 Jan 2013 (As restated)	**23,852**	**939**	**87,549**	**(715)**	**-**	**111,625**	**722**	**112,347**
Total Comprehensive Income for the period								
Profit for the period net of tax	-	-	3,028	-	-	3,028	57	3,085
Other comprehensive income for the period	-	-	-	258	-	258	(9)	249
Total	**-**	**-**	**3,028**	**258**	**-**	**3,286**	**48**	**3,334**
Transactions with owners, recognised directly in equity								
Appropriation	-	258	(258)	-	-	-	-	-
Total	**-**	**258**	**(258)**	**-**	**-**	**-**	**-**	**-**
Balance at 31 Mar 2013	**23,852**	**1,197**	**90,319**	**(457)**	**-**	**114,911**	**770**	**115,681**
Balance at 1 Jan 2014 (As previously stated)	**23,852**	**1,473**	**97,762**	**(268)**	**-**	**122,819**	**1,105**	**123,924**
Effects of adopting FRS 111 and FRS 28	**-**	**-**	**(952)**	**1,201**	**-**	**249**	**-**	**249**
Balance at 1 Jan 2014 (As restated)	**23,852**	**1,473**	**96,810**	**933**	**-**	**123,068**	**1,105**	**124,173**
Total Comprehensive Income for the period								
Profit for the period net of tax	-	-	2,014	-	-	2,014	118	2,132
Other comprehensive income for the period	-	-	-	(885)	-	(885)	(17)	(902)
Total	**-**	**-**	**2,014**	**(885)**	**-**	**1,129**	**101**	**1,230**
Balance at 31 Mar 2014	**23,852**	**1,473**	**98,824**	**48**	**-**	**124,197**	**1,206**	**125,403**

COMPANY

	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Fair value reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Jan 2013	**23,852**	**-**	**12,373**	**-**	**-**	**36,225**	**-**	**36,225**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	(586)	-	-	(586)	-	(586)
Balance at 31 Mar 2013	**23,852**	**-**	**11,787**	**-**	**-**	**35,639**	**-**	**35,639**
Balance at 1 Jan 2014	**23,852**	**-**	**31,991**	**-**	**-**	**55,843**	**-**	**55,843**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	1,131	-	-	1,131	-	1,131
Balance at 31 Mar 2014	**23,852**	**-**	**33,122**	**-**	**-**	**56,974**	**-**	**56,974**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of Issued Shares		
	31/3/2014		31/12/2013
Balance as at 1 January	233,550,248		233,550,248
Issue of shares	-		-
Balance as at 31 March	233,550,248		233,550,248

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period on.

There are no treasury shares as at the end of current period.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2014, the Group adopted all the following new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 110, FRS 111, FRS 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures and were previously proportionately consolidated as jointly controlled entities, the group will have to adopt equity accounting.

The application of FRS 111 has change the accounting of the group's investment in PPH Teckwah Value Chain Sdn Bhd, which has previously been accounted for using the proportionate consolidation method. Under FRS 111, PPH Teckwah Value Chain Sdn Bhd will be accounted for using the equity method, resulting in aggregation of the group's proportionate share of PPH Teckwah Value Chain Sdn Bhd's net assets and items of profit or loss into a single line item which will be presented in the consolidated statement of financial position and consolidated statement of profit or loss as "investment in joint venture" and "share of profits (loss) of joint venture" respectively.

The effects to the Group's financial statements after the adoption of FRS 110 and revised FRS 28 are as follows:

		Group	
		As at 31 December 2013	As at 1 January 2013
		(Restated)	(Restated)
		$'000	$'000
(Decrease) / increase in			
Statement of financial position			
Cash and cash equivalents		(3,869)	(3,538)
Trade and other receivables		(1,053)	(1,041)
Inventories		(506)	(481)
Other assets		(1)	(13)
Joint venture		6,281	5,829
Property, plant and equipment		(1,249)	(1,467)
Land use rights		(178)	(66)
Trade and other payables		(803)	(741)
Income tax payable		(2)	(7)
Post Employment Benefits		119	121
Deferred tax liabilities		(138)	(150)
Retained earnings		(952)	(952)
Currency translation reserve		1,201	952

		2013
		(Restated)
		$'000
(Decrease) / increase in		
Income statement		
Revenue		(5,873)
Other income including interest income		(61)
Changes in inventories of finished goods and work in progress		33
Raw materials and consumables used		2,999
Employee benefits expense		1,319
Depreciation, amortisation and impairment expense		215
Other operating expenses		849
Finance costs		3
Profit from joint venture		452
Income tax expense		64

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	31/3/2014	31/3/2013 (restated)
Earnings per Ordinary Share for the year based on net profit attributable to shareholders :-		
i) Based on the weighted average number of ordinary shares on issue (cents)	0.86	1.30
ii) On a fully diluted basis (cents)	0.86	1.30

Note

a. The earnings per ordinary share ("EPS") for the period ended March 31, 2014 has been calculated on weighted average number of ordinary shares in issue of 233,550,248 (March 31, 2013 = 233,550,248) ordinary shares

b. Fully diluted EPS for the period ended March 31, 2014 is calculated on 233,550,248 (March 31, 2013, Diluted EPS is calculated at 233,550,248) ordinary shares assuming all the fully exercise of employee shares option during the year and adjusting for the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	GROUP		COMPANY	
	Mar'14	(restated) Dec'13	Mar'14	Dec'13
Net Asset Value Per Ordinary Share based On issued share capital at the end of the period	53.18 cts	52.69 cts	24.39 cts	23.91 cts

Note: The net asset value per ordinary share for the period ended March 31, 2014 have been calculated based on the issued share capital of 233,550,248 shares (December 31, 2013: 233,550,248)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

<u>1Q FY 2014 vs 1Q FY 2013</u>

For the first quarter ended 31 March 2014, the Group achieved total revenue of $37.6 million, 5.5% lower than the $39.8 million achieved in the same period last year.

The Print-related business accounted for 60.6% of the Group's revenue and the Non-print business contributed the balance of 39.4%. In terms of geographical perspective, the Singapore operations continue to be the main contributor accounted for 67.0% of the Group's revenue. The China operations remain as the second largest with 22.8% contribution.

The revenue for the Print-related business declined by 7.3% from $24.6 million to $22.8 million while the Non-print business declined by 2.6% in revenue from $15.1 million to $14.7 million. The decline in the Print segment revenue was mainly due to the lower demand from some existing customers in China operation and the cessation of operation in Australia during the second half of last year. For the Non-Print Business, the decline was mainly due to the end of life of some projects during the second half of last year.

The Group's operating profit before tax for the first quarter ended 31 March 2014 decreased by 22.5% to $2.9 million as compared to $3.7 million for the same period last year. The decrease is mainly attributed to decrease in customer demands and continuous price pressure during the period.

The operating profit before tax for the Print-related business (after allocation of corporate services expenses) declined by 66.6% from $1.6 million to $0.5 million. The decline in operating profit is mainly attributed to decrease in demand from existing customers, startup expenses at the new Iskandar factory in Malaysia as well as continued downward price pressure.

The operating profit before tax for the Non-print business (after allocation of corporate services expenses) increased by 10.8% from $2.1 million in the same period last year to $2.3 million this year. The increase in operating profit is mainly due to improvement in sales mix.

For the first quarter ended 31 March 2014, the Group generated positive cash flow of $0.3 million from operations after working capital changes. It was a negative cash flow of $0.5 million for the same period last year. The increase in cash flow generated from operations after working capital changes is mainly attributed to expedited sales collections.

During this period, the Group invested $11.1 million into the ongoing construction and renovation of new factories at Paya Lebar (Singapore), Iskandar (Johor, Malaysia), as well as Wuxi expansion in China. As at 31 March 2014, the Group's cash and cash equivalents amount was approximately $26.2 million.

The Group's gearing ratio rose from 10.27% as at 31 Dec 2013 to 19.05% as at 31 March 2014 mainly as a result of the drawdown of bank loans and hire-purchase loan for paying the construction cost of the new building under construction at Paya Lebar and new machineries at Iskandar Development Zone, Malaysia, respectively.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The results are in line with the commentary previously stated in Paragraph 10 of the announcement for the full year FY 2013.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global economic outlook remains uncertain. The stiff competition in the region continues to extert downward price pressure. The Group will continue to enhance its cost management measures, further develop existing and new customers, productivity improvement initiatives and continuously seeking new activities.

In FY 2013, the group has commenced moving part of its production from the manufacturing facilities in Singapore to its new production plant at Iskandar, Johor, Malaysia. On the other hand, the new building at Paya Lebar, Pixel Red, is scheduled to be fully operational in June 2014. In conjunction with the shift to the new building at Paya Lebar, certain one-off costs would be incurred, such as shifting transportation cost, reinstatement cost for the existing building and write-off of certain assets, which are estimated to be approximately S$1.8 million over the next 6 months.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for the current year.

11. Dividend (to amend accordingly)

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not Applicable

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The company did not obtain a general mandate from shareholders for IPTs.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board of Directors do hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the un-audited results of the Group, for the three months ending March 31, 2014, to be false or misleading.

BY ORDER OF THE BOARD
Thomas Chua Kee Seng
Chairman & Managing Director
May 14, 2014
Singapore